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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
10/676,297	09/30/2003	Emerson P. Jones	06878.114501	8191

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EXAMINER

ALI, HATEM M

ART UNIT	PAPER NUMBER
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3692

NOTIFICATION DATE	DELIVERY MODE
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ELECTRONIC

Please find below and/or attached an Office communication concerning this application or proceeding.

The time period for reply, if any, is set in the attached communication.

Notice of the Office communication was sent electronically on above-indicated "Notification Date" to the following e-mail address(es):

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Office Action Summary	Application No. 10/676,297	Applicant(s) JONES ET AL.	
	Examiner HATEM ALI	Art Unit 3692	

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

Status

- 1) ☒ Responsive to communication(s) filed on 22 October 2008.
- 2a) ☐ This action is **FINAL**. 2b) ☒ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

- 4) ☒ Claim(s) 1-10 is/are pending in the application.
- 4a) Of the above claim(s) _____ is/are withdrawn from consideration.
- 5) ☐ Claim(s) _____ is/are allowed.
- 6) ☒ Claim(s) 1-10 is/are rejected.
- 7) ☐ Claim(s) _____ is/are objected to.
- 8) ☐ Claim(s) _____ are subject to restriction and/or election requirement.

Application Papers

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☐ The drawing(s) filed on _____ is/are: a) ☐ accepted or b) ☐ objected to by the Examiner.
Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).
Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

Priority under 35 U.S.C. § 119

- 12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) ☐ All b) ☐ Some * c) ☐ None of:
1. ☐ Certified copies of the priority documents have been received.
 2. ☐ Certified copies of the priority documents have been received in Application No. _____.
 3. ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

* See the attached detailed Office action for a list of the certified copies not received.

Attachment(s)

- | | |
|--|---|
| 1) <input type="checkbox"/> Notice of References Cited (PTO-892) | 4) <input type="checkbox"/> Interview Summary (PTO-413) |
| 2) <input type="checkbox"/> Notice of Draftsperson's Patent Drawing Review (PTO-948) | Paper No(s)/Mail Date. _____ |
| 3) <input type="checkbox"/> Information Disclosure Statement(s) (PTO/SB/08) | 5) <input type="checkbox"/> Notice of Informal Patent Application |
| Paper No(s)/Mail Date _____ | 6) <input type="checkbox"/> Other: _____ |

DETAILED ACTION

Continued Examination Under 37 CFR 1.114

1. A request for continued examination under 37 CFR 1.114, including the fee set forth in 37 CFR 1.17(e), was filed in this application after final rejection. Since this application is eligible for continued examination under 37 CFR 1.114, and the fee set forth in 37 CFR 1.17(e) has been timely paid, the finality of the previous Office action has been withdrawn pursuant to 37 CFR 1.114. Applicant's submission filed on **10/22/08** has been entered.

2. The following is an **Office Action** in response to a communication received on **10/22/2008**.

Acknowledgement

3. **Claim** status:

- **Claims** amended: **1, 7 and 9**.
- **Claims** pending: **1-10**

Claim Rejections - 35 USC § 112

4. The following is a quotation of the **first paragraph** of 35 U.S.C. 112:

The specification shall contain a written description of the invention, and of the manner and process of making and using it, in such full, clear, concise, and exact terms as to enable any person skilled in the art to which it pertains, or with which it is most nearly connected, to make and use the same and shall set forth the best mode contemplated by the inventor of carrying out his invention.

5. **Claims 1-10** are rejected under 35 U.S.C. 112, first paragraph, as failing to comply with the written description requirement. The claim(s) contains subject matter

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which was not described in the specification in such a way as to reasonably convey to one skilled in the relevant art that the inventor(s), at the time the application was filed, had possession of the claimed invention.

In the claim 1, at line 3, 6 and 9, the recitation, “a *value* of a debt/equity ratio” renders the claim indefinite since it is not clear as it is understood, debt/equity ratio is a number. Proper clarification is required.

In the claim 1 at lines 12, 14 and 17, and claims 3 and 5 at lines 2, the recitations, “earnings per share risk values”, renders the claim indefinite, since it is not clear. Proper clarification is required.

In the **claim 7**, at line 15, that the recitation, “ ΔN_{eff} equals the input change in the effective number of common shares outstanding” renders the claim indefinite since it is not clear how *input change* will **change** the *numbers of outstanding shares*. Proper clarification is required.

Claim Rejections - 35 USC § 103

6. The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

7. **Claims 1-10** are rejected under 35 U.S.C. 103 (a) as being unpatentable over *Ichihari et al* (2003/0046203) in view of **Vass** (US 7,251,627).

As per claim 1, *Ichihari* discloses a method implemented by a programmed

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computer system (**para 0090-0092** and **Fig.13**; via computer system [**para 0033**])

comprises the steps of:

iteratively changing a value of a debt/equity ratio associated with the entity (**para 0062-0063**; via an enterprise makes loss as a result of volatility of earnings by a business risk [implied reiteration of stock prices resulting repeated change of debt/equity ratio]);

calculating, with the computer system, values of earnings per share associated with the entity based at least in part upon the iteratively changed values of the debt/equity ratio associated with the entity (**para 0081**; via step **108** in **Fig.1**)

calculating, with the computer system, a plurality of values of earnings per share risk associated with the entity based at least in part upon the iteratively changed values of the debt/equity ratio associated with the entity (**para 0061**; via step **106** in **Fig.1**);

recording, with the computer system the calculated earnings per share values associated with the entity and the calculated earnings per share risk values associated with the entity (**para 0091** and **0095**; via all calculated data are recorded and stored in data files **180-190**); and

Outputting, with the computer system, the calculated earnings per share values associated with the entity and the recorded calculated earnings per share values associated with the entity and the recorded calculated earnings per share risks values associated with the entity (**para 0091** and **0095**; via all calculated data are recorded and stored in data files **180-190** [implied output after calculation of data]);

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wherein the recorded calculated earning per share values associated with the entity and the recorded calculated earnings per share risk values associated with the entity characterize a capital structure of the entity in connection with a cost to the entity of a selected debt/equity ratio relative to a risk associated with the selected debt/equity ratio (**para 0090-0092** and **Fig.13**; via computer system and enterprise as entity and **para 0062-0063**; via an enterprise makes loss as a result of volatility of earnings by a business risk related to inherent reiterative changes of stock prices resulting uncertain debt/equity ratio)

Ichihari fails explicitly to disclose iteratively changing, with the computer system, a value of a debt / equity ratio associated with the entity.

However, **Vass** being in the same field of invention discloses iteratively changing, the computer system, a value of a debt / equity ratio associated with the entity (**col.4**, lines 9-13 and 50-54; via inherent and implied **NYSE's** reiteratively changes of stock prices resulting debt/equity ratio change for all stocks. Accordingly scanning the stocks of the initial universe and attention is paid to the debt to equity ratio of each stock with program setting a threshold for the debt/equity ratio of 20% or less).

Therefore, it would have been obvious to one of ordinary skill in the art at the time of invention was made to modify the disclosure and features mentioned by ***Ichihari*** to include the features as taught by **Vass** to facilitate the proper selection of stocks into the universe.

As per claim 2, ***Ichihari*** discloses that the entity is a public corporation (**para 0033**; via to measure performance of an entire enterprise, public entity).

As per claim 3, *Ichihari* discloses, at least one of the calculated earnings per share values and the calculated earnings per share risk values is applied to a financial presentation relating to at least one of a balance sheet and an earnings per share metric (**para 0091 and 0100**; via earning per share [as **MEVA**] calculation and storing and display inherently data may be shown in spreadsheet for presentation).

As per claim 4, *Ichihari* discloses that the iterations and calculations are carried out at least in part using a Monte Carlo simulation (**para 0089**; via performing the Monte Carlo Simulation).

As per claim 5, *Ichihari* discloses that the outputted calculated earnings per share values and the outputted calculated earnings per share risk values are plotted against one another (**para 0059, 0060 and Fig.5**).

As per claim 6, *Ichihari* discloses that the plot of calculated earnings per share values versus calculated earnings per share risk values is credit adjusted (**para 0052-0054 and Fig.3**).

As per claims 7 and 9, *Ichihari* discloses the steps further comprising:
obtaining, with the computer system, data associated with the entity including a number of common shares outstanding, a value of earnings, a value of dividends per share, a change in the effective number of common shares outstanding, which change in the effective number of common shares outstanding reflects the possibility, based upon an economically reasonable analysis in light of market conditions, of conversion of a convertible security; and a value of coupon payments;

wherein each value of earnings per share is calculated at least in part using the

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formula

$$\text{EPS} = \text{DPS}_o + (\text{Earnings} - N_o \times \text{DPS}_o - \text{Coupon}) / N_o + \Delta N_{\text{eff}}$$

wherein Earnings equals the input value of earnings, N_o equals the input number of common shares outstanding, DPS_o equals the input value of dividends per share, Coupon equals the input value of coupon payments, and ΔN_{eff} equals the input change in the effective number of common shares outstanding, based at least in part upon each of a plurality of iteratively changed values of stock price associated with the entity (para 0033-0039; via identical expression of **EPS** or earnings of an enterprise with shares or Market efficiency value added = Net operating profit after Tax- Cost of Capital)

As per claims 8 and 10, *Ichihari* discloses that the economically reasonable analysis in light of market conditions takes into account a conversion premium associated with the convertible security (para 0095-96; via analysis with historical and simulation methods and market condition with **ROI** data).

Response to Arguments

8. **Applicant's arguments** filed 10/22/08 have been fully considered but they are not persuasive.

In response to **applicant's argument** (Remark page 12, para 2-4) that "Another parameter ... As seen **Vass** simply screens stocks ... hypothetical combination would still fail to teach... independent claim1", the examiner respectfully does not agree and

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reiterate that programmed threshold limit could be other than any number of 20% and continuously monitoring of the debt/equity ratio of each stock implies iteratively change.

Finally, as understood, all recitations as cited, teaches and suggest the concept of invention, but not the invention applied for.

Conclusion

9. The prior art made of record and not relied upon is considered pertinent to applicant's disclosure.

Slyke et al (US 2002/0042770 A1) discloses Liquid Insurance Contracts.

Makivic (6,061,662) discloses the valuation of derivative financial instruments.

Squyres 7, 222, 95) discloses Method and System for comparison and evaluation of investment Portfolio.

10. Any inquiry concerning this communication or earlier communications from the examiner should be directed to HATEM ALI whose telephone number is (571)270-3021. The examiner can normally be reached on 8.00 to 6.00.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Kambiz Abdi can be reached on 571-272-6702. The fax phone number for the organization where this application or proceeding is assigned is 571-273-8300.

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Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see <http://pair-direct.uspto.gov>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free). If you would like assistance from a USPTO Customer Service Representative or access to the automated information system, call 800-786-9199 (IN USA OR CANADA) or 571-272-1000.

Harish Dass
Primary Examiner

Hatem Ali
Examiner
Art Unit 3692

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